



Patrick W. Henning, Director
February 23, 2009
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Arnold Schwarzenegger
Governor

Mr. John Solis, Executive Director
San Joaquin County Employment and
Economic Development Department
56 South Lincoln Street
Stockton, CA 95203

Dear Mr. Solis:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the San Joaquin County Employment and Economic Development Department's (EEDD) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by TG Akins from November 17, 2008 through November 21, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by EEDD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with EEDD representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, EEDD's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on February 4, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed findings 1, 2 and 3 cited in the draft report. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 90053, 90054, and 90055.

BACKGROUND

The EEDD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. As of September 30, 2008, very little of the PY 2008-09 formula allocated funds had been expended. For PY 2007-08 EEDD was allocated: \$2,636,017 to serve 836 adult participants; \$3,045,735 to serve 302 youth participants; and \$959,376 to serve 438 dislocated worker participants.

For the quarter ending September 30, 2008, EEDD reported the following expenditures from its PY 2007-08 WIA formula allocated funds: \$2,535,892 for adult participants; \$2,204,959 for youth participants; and \$734,223 for dislocated worker participants. In addition, EEDD reported the following enrollments as of September 30, 2008: 168 adult participants; 197 youth participants; and 79 dislocated worker participants. We reviewed case files for 30 of the 417 participants enrolled in the WIA program as of November 17, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, EEDD is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) and Youth Council composition and work permits. The findings that we identified in these areas, our recommendations, and EEDD's proposed resolution of the findings are specified below.

FINDING 1

Requirement:

WIA Section 117(b)(4) states, in part, that a majority of the members of the local board shall be representatives from local business.

WIA Section 117(b)(2)(A)(iii) states, in part, that the composition of the local WIB shall include representatives of local labor organizations. 20 CFR 661.315(a) states that the local WIB must contain two or more members representing the categories described in WIA Section 117(b)(2)(A)(iii).

20 CFR 661.315(e) states, in part, that Chief Elected Officials (CEO) must appoint business representatives from among individuals who are nominated by local business organizations and business trade associations. CEOs must appoint the labor representatives from among individuals who are nominated by local labor federations (or, for a local area in which no employees are represented by such organizations, other representatives of employees).

WIAD06-21 states, in part, that at least 15 percent of local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members.

20 CFR 661.315(a) states, in part, that the Local Board must contain at least one member representing each One-Stop partner.

Observation:

We observed that the San Joaquin WIB does not have a business majority. Specifically, their WIB composition specifies 20 out of 39 WIB members are to be business representatives and there currently are three vacancies for business representatives which have been vacant since December 2006, November 2007, and January 2008. In addition, we observed that the WIB does not have at least 15 percent of its membership from labor organizations. There are five labor representatives currently on the WIB leaving one vacancy for a labor representative. Lastly, we observed that the WIB had a vacancy for a representative from the Housing Authority of San Joaquin County, which is a One-stop partner.

Recommendation:

We recommended that EEDD provide the Compliance Review Division (CRD) with a corrective action plan (CAP), including a timeline, for appointing the required representatives to their WIB. We also recommended that EEDD provide CRD with a copy of an updated WIB roster after the vacant positions are filled.

EEDD Response:

The EEDD stated they are actively recruiting individuals. For example, on January 17, 2009 a prominent article appeared in the largest local newspaper covering their area advertising WIB vacancies. The EEDD directly contacted individuals from labor organizations and the local Housing Authority. Additionally, vacant positions of the WIB are announced on a periodic basis by

the San Joaquin County Board of Supervisors at their weekly public meetings. Lastly, on January 27, 2009 the San Joaquin County Board of Supervisors appointed a business representative to the WIB.

State Conclusion: The EEDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EEDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90053.

FINDING 2

Requirement: 20 CFR 661.335(b)(2) states, in part, that the membership of each Youth Council must include members who represent service agencies, such as juvenile justice and local law enforcement agencies.

Observation: We observed that the San Joaquin County Youth Council does not have a representative from a juvenile justice or local law enforcement agency. This vacancy has existed since April 2008 and no documented effort has been made to fill the vacancy.

Recommendation: We recommend that EEDD provide CRD with a CAP, including a timeline, for appointing the required member to their Youth Council. We also recommend that EEDD provide CRD with a copy of an updated Youth Council roster after the vacant position is filled.

EEDD Response: The EEDD stated that on January 20, 2009 a Youth Council Application form was provided to San Joaquin County's Juvenile Justice Probation Deputy Chief Probation Officer. It is anticipated that the juvenile justice vacancy will be filled by June 30, 2009.

State Conclusion: The EEDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EEDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90054.

FINDING 3

- Requirement:** California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of eighteen to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.
- California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.
- Observation:** We observed that four underage participants placed at either for-profit or non-profit organizations did not have a valid work permit. These participants were enrolled in the WEX program up to six months before they were either exited from the program or a new work permit was issued.
- Recommendation:** We recommend that EEDD provide CRD with a CAP to ensure that, in the future, a valid work permit is issued and documented for all underage participants who are placed in an employment activity while enrolled in the program.
- EEDD Response:** The EEDD stated that they have implemented an internal procedure to electronically track participant activities through their On-line Client Tracking system to ensure that all underage participants placed in an employment activity while enrolled in the program have a valid work permit.
- State Conclusion:** The EEDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EEDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90055.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is EEDD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable

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State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain EEDD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 653-7541 or Mr. TG Akins at (916) 654-8428.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" written in a larger, more prominent script than the last name "Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Greg Davis, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Lydia Rios, MIC 50